



December 30, 2010

Jennifer J. Johnson  
Secretary  
Board of Governors  
of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Office of Information  
and Regulatory Affairs  
U.S. Office of Management and Budget  
New Executive Office Building  
Room 10235  
725 17<sup>th</sup> Street, NW  
Washington, DC 20503

Re: Request for Comment: FR Y-9C, FR Y-9LP, FR Y-11 and FR 2314 Reports

Dear Ms. Johnson:

The Clearing House Association L.L.C. ("The Clearing House")<sup>1</sup>, an association of major commercial banks, appreciates the opportunity to comment on the proposed revisions (the "Proposal") to certain of the Federal Reserve Board's (the "Board's") regulatory reports. Our comments to the Proposal are presented below.

#### Executive Summary

The Clearing House supports the Board's objective to analyze a bank holding company's overall financial condition to ensure safety and soundness through additional disclosures. Additionally, The Clearing House appreciates the Board's efforts to conform the proposed revisions to the FR Y-9C, Financial Statements for Bank Holding Companies with the proposed

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<sup>1</sup> Established in 1853, The Clearing House is the nation's oldest banking association and payments company. It is owned by the world's largest commercial banks, which collectively employ 1.4 million people in the United States and hold more than half of all U.S. deposits. The Clearing House Association is a nonpartisan advocacy organization representing – through regulatory comment letters, amicus briefs and white papers – the interests of its owner banks on a variety of systemically important banking issues. Its affiliate, The Clearing House Payments Company L.L.C., provides payment, clearing and settlement services to its member banks and other financial institutions, clearing almost \$2 trillion daily and representing nearly half of the automated-clearing-house, funds-transfer and check-image payments made in the U.S. See The Clearing House's web page at [www.theclearinghouse.org](http://www.theclearinghouse.org).

changes to the Consolidated Reports of Condition and Income (Call Report), so that there is consistency between the FR Y-9C Report and the Call Report. The Clearing House submitted comments on the proposed revisions to the Call Report in its letter dated November 29, 2010, a copy of which is attached for your convenience ("TCH November 29 Letter"), and has included comments from that letter that are related to the Board's Proposal in this letter. The Clearing House respectfully requests that our comments on the Proposal set forth below be considered before finalizing the revisions to the Board's regulatory reports. Specifically, The Clearing House:

- *strongly recommends* that the Proposal's revisions relating to troubled debt restructurings ("TDRs") be deferred until after the Financial Accounting Standards Board (the "FASB") has finalized its accounting for TDRs under U.S. GAAP;
- *recommends* that the effective date for the proposed new Schedule HC-V, Variable Interest Entities be delayed until the September 30, 2011 FR Y-9C Report;
- *disagrees* with the Proposal's revision to the instructions for maturity and repricing data for financial instruments at contractual ceilings and floors; and
- *urges* the Board to consider our recommendation that the FR Y-11, Financial Statements for Nonbank Subsidiaries of U.S. Bank Holding Companies and the FR 2314, Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations become a single form with designation as to whether the subsidiary is domestic or foreign.

We provide further detail on each of these points below.

A. Changes to TDRs should be deferred until the FASB has finalized its accounting for TDRs under U.S. GAAP.

The Clearing House recommends that the provisions of the Proposal relating to TDRs be deferred for both the FR Y-9C and FR Y-9LP Reports until after the FASB has made its final decisions about its exposure draft regarding TDRs<sup>2</sup>. The Proposed ASU provides that it would be effective for interim and annual periods ending after June 15, 2011.<sup>3</sup> Since the Proposal contemplates that it would be effective for March 31, 2011 reporting, The Clearing House is concerned that its members would need to make changes in their data collection processes to

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<sup>2</sup> Proposed Accounting Standards Update, Receivables (Topic 310), Clarifications to Accounting for Troubled Debt Restructurings by Creditors issued on October 12, 2010 (the "Proposed ASU").

<sup>3</sup> ASU 310-40-65-1.

implement the changes under the Proposal for the March 31, 2011 FR Y-9C and FR Y-9LP Reports and then perhaps again for June 30, 2011 reporting in the event that the FASB modifies the U.S. GAAP standard regarding TDRs. Accordingly, The Clearing House strongly recommends that the Board defer issuance of the proposed change on TDRs in final form until the FASB has finalized its accounting for TDRs under U.S. GAAP.

B. Changes to Schedule HC-V, Variable Interest Entities should be deferred until the September 30, 2011 FR Y-9C Report.

Since the final FR Y-9C Report changes will not be published in the Federal Register until at the earliest in January 2011, some data requested for this new schedule will not be readily available for several of our members for the March 31, 2011 FR Y-9C Report. Although certain categories of assets and liabilities of consolidated variable interest entities are currently reported on our members' Form 10-Qs, this information is not as granular as that required in the proposed changes to the FR Y-9C Report. For example, the information requested in Line 1, subparagraphs (b), (c), (e), (h), (i) and (j) and Line 2, subparagraphs (a), (b), (c) and (d) are not available currently in separate general ledger accounts for several of our members. In addition, for some of our members, there is no distinction in the general ledger for the type of variable interest entities specified in Column A, Securitization Trusts, Column B, ABCP Conduits and Column C, Other VIES of the proposed schedule. As a result, this information would need to be collected via manual templates from each entity's business lines for the March 31, 2011 FR Y-9C Report. At the same time, The Clearing House members will be implementing a significant number of other changes for the March 31, 2011 FR Y-9C Report. A sufficient amount of time should be allowed to ensure that entities can implement the new requirements in a manner that will allow them to produce reliable information that has been tested within the entities' internal control systems. Accordingly, we request that this proposed revision be delayed until the September 30, 2011 FR Y-9C Report.

C. Maturity and Repricing Data for Assets and Liabilities at Contractual Ceilings and Floors Instructions should remain unchanged.

As stated in our TCH November 29 Letter commenting on the proposed revisions to the Call Report, The Clearing House does not support the Proposal's revision to the instructions for maturity and repricing data for assets and liabilities at contractual ceilings and floors. The Clearing House does not believe that the benefits of these provisions of the Proposal have been sufficiently and clearly articulated, since the information requested would be commingled within the maturity and repricing information for loans, securities and deposits. The Board's Proposal contemplates revising the instructions for reporting maturity and repricing data on Schedule HC-B, Securities in order to conform with the proposed revisions to the Call Report.

However, this Proposal, if implemented as published, would result in differing methodologies in calculating maturity and repricing data on Schedule HC-B, Securities and Schedule HC-H, Interest Sensitivity on the FR Y-9C Report, since both require the reporting of maturity and repricing data. The Proposal would require that bank holding companies develop and maintain different system reports for reporting maturity and repricing data for securities for the two schedules. Additionally, banks would need to develop and maintain different system reports for reporting maturity and repricing of loans, securities and deposits for the Call Reports and for Schedule HC-H on the FR Y-9C Report. Therefore, The Clearing House strongly opposes implementation of any changes to the instructions for maturity and repricing for both the FR Y-9C Report and Call Report until further analysis of the impact and usefulness of the information has been completed, including identification of all related line items of the FR Y-9C Report and Call Reports.

- D. FR Y-11, Financial Statements for Nonbank Subsidiaries of U.S. Bank Holding Companies and FR 2314, Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations should be combined into a single report.

The Clearing House would like to urge the Board to consider our recommendation that FR Y-11, Financial Statements for Nonbank Subsidiaries of U.S. Bank Holding Companies and FR 2314, Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations become a single form with designation as to whether the subsidiary is domestic or foreign. The Clearing House has made this recommendation informally in previous discussions with the Board (i.e., at a May 19, 2010 meeting at the Federal Reserve Bank of New York). Currently, the forms are very similar. However, while there is vendor software and the ability to electronically submit the FR Y-11 Reports, this same functionality is not available for the FR 2314 Reports. This requires the completion of manual forms and submission of hard copy reports. Furthermore, the software edit checks are not available for the FR 2314 Reports. We recommend that the forms be combined into a single report to enable the use of vendor software, including the functionality of the edit checks, and electronic submission. We recommend that in order to distinguish between the forms, a check-box or other identifier could be incorporated to indicate whether the entity is an FR Y-11 filer or an FR 2314 filer. We believe that the Board, as well as the bank holding companies, would benefit from this change by increased efficiency and enhanced controls.

We also would appreciate the opportunity to discuss with you a comprehensive review of the FR Y-9C Report, in a collaborative effort to determine whether any information

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U.S. Office of Management and Budget

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requested is duplicative or no longer necessary and whether certain reporting thresholds should be reviewed.<sup>4</sup>

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We greatly appreciate your consideration of our comments and would welcome the opportunity to discuss them further with you at your convenience. If we can facilitate arranging for those discussions, or if you have any questions or need further information, please contact me at 212.613.9883 (email: [david.wagner@theclearinghouse.org](mailto:david.wagner@theclearinghouse.org)) or Gail Haas at 212. 612.9233 (email: [gail.haas@theclearinghouse.org](mailto:gail.haas@theclearinghouse.org)).

Sincerely yours,



David Wagner  
Senior Vice President,  
Financial and Tax Affairs

Attachment

cc: Mr. Arthur Lindo  
Associate Director and Chief Accountant of Banking Supervision and Regulation  
*Federal Reserve Board*

Mr. Kenneth Lamar  
Senior Vice President  
*Federal Reserve Bank of New York*

Mr. Philip Jasienczyk,  
Director, Reporting and Reserves Statistics  
*Federal Reserve Bank of San Francisco*

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<sup>4</sup> We would appreciate the opportunity to work with you to avoid duplication or unnecessary overlap between the FR Y-9C Reports and other information to be requested pursuant to various provisions of H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act, including but not limited to the Office of Financial Research.

Jennifer J. Johnson  
U.S. Office of Management and Budget

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Ms. Cynthia Ayouch  
Acting Federal Reserve Board Clearance Officer  
*Federal Reserve Board*

Ms. Karen Nelson, Wells Fargo Bank, N.A.  
Chairperson, Regulatory Reporting Committee  
*The Clearing House Association L.L.C.*

Ms. Gail Haas  
Financial Specialist  
*The Clearing House Association L.L.C.*





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Attention: 1557-0081

Gary A. Kuiper  
Counsel  
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Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429  
Attention: Comments 3064-0052

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Office of Information and  
Regulatory Affairs  
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New Executive Office Building  
725 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20503

Re: Consolidated Reports of Condition and Income (FFIEC 031 and 041)

Ladies and Gentlemen:

The Clearing House Association L.L.C. ("The Clearing House")<sup>1</sup>, an association of major commercial banks, appreciates the opportunity to comment on the proposed revisions (the "Proposal") to the Consolidated Reports of Condition and Income (the "Call Report") and the instructions thereto (the "Instructions") jointly proposed by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (hereinafter collectively the "Agencies"). Our comments to the Proposal are presented below.

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<sup>1</sup> Established in 1853, The Clearing House is the nation's oldest banking association and payments company. It is owned by the world's largest commercial banks, which collectively employ 1.4 million people in the United States and hold more than half of all U.S. deposits. The Clearing House Association is a nonpartisan advocacy organization representing – through regulatory comment letters, amicus briefs and white papers – the interests of its owner banks on a variety of systemically important banking issues. Its affiliate, The Clearing House Payments Company L.L.C., provides payment, clearing and settlement services to its member banks and other financial institutions, clearing almost \$2 trillion daily and representing nearly half of the automated-clearing-house, funds-transfer and check-image payments made in the U.S. See The Clearing House's web page at [www.theclearinghouse.org](http://www.theclearinghouse.org).

### Executive Summary

The Clearing House supports the Agencies' objective to gain a better understanding of banks' credit and liquidity risk exposures through additional disclosures. However, The Clearing House respectfully requests that our comments set forth below to improve the Proposal be considered before finalizing the revisions to the Call Report. Specifically, The Clearing House:

- *strongly recommends* that the proposed Call Report revisions relating to troubled debt restructurings ("TDRs") be deferred until after the Financial Accounting Standards Board (the "FASB") has finalized its accounting for TDRs under U.S. GAAP;
- *does not support* requiring the collection of data on the balance of nonbrokered deposits obtained through the use of "deposit listing service" companies;
- *recommends* that the proposed reporting for separate deposits for partnerships/corporations and individuals be delayed, and that certain deposits and money orders/travelers checks and certified checks/other checks should be reported in the same category either as partnerships/corporations or as individuals;
- *recommends* that the effective date for the proposed new Schedule RC-V, Variable Interest Entities, be delayed;
- *disagrees* with the Agencies' proposed revision to the Instructions for maturity and repricing data for assets and liabilities at contractual ceilings and floors; and
- *suggests* that the Agencies prospectively provide earlier notification of proposed Call Report changes.

#### A. Troubled Debt Restructurings

The Clearing House recommends that the provisions of the Proposal relating to TDRs be deferred until after the FASB has made its final decisions about its exposure draft regarding TDRs<sup>2</sup>. The Proposed ASU provides that it would be effective for interim and annual periods ending after June 15, 2011.<sup>3</sup> Since the Proposal contemplates that it would be effective for the March 31, 2011 Call Report, The Clearing House is concerned that its members would need to

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<sup>2</sup> Proposed Accounting Standards Update, Receivables (Topic 310), Clarifications to Accounting for Troubled Debt Restructurings by Creditors issued on October 12, 2010 (the "Proposed ASU").

<sup>3</sup> ASU 310-40-65-1.



make changes in their data collections to implement the changes under the Proposal for the March 31, 2011 Call Report and then perhaps again for June 30, 2011 reporting in the event that the FASB modifies the U.S. GAAP standard regarding TDRs. Accordingly, The Clearing House strongly recommends that the Agencies defer issuance of the proposed change on TDRs in final form until the FASB has finalized its accounting for TDRs under U.S. GAAP.

B. Nonbrokered Deposits Obtained Through the Use of Deposit Listing Service Companies

The Clearing House does not support the Proposal insofar as it requires the collection of data on the balance of nonbrokered deposits obtained through the use of “deposit listing service” companies. Unlike brokered deposits for which a bank obtains an identifiable population of deposits from a specific broker, deposits made by a customer after consideration of information provided by a nonbrokered “deposit listing service”, including those on internet sites, is not available to the depository bank. The Proposal requires identification of deposits for which either a customer or a bank pays a fee to the “listing service” for information on bank deposit rates or other product features. Information to identify deposits for which customers or banks may have paid a fee to access deposit rates and product information is not available. Accordingly, The Clearing House recommends that the Agencies not include in the final regulations the request for data on the balance of nonbrokered deposits obtained through the use of “deposit listing service” companies.

C. Deposits of Individuals, Partnerships and Corporations

The Proposal would require Schedule RC-E, item 1, “Individuals, partnerships and corporations,” to be split into item 1.a, “Individuals,” and item 1.b, “Partnerships and corporations,” for the March 31, 2011 Call Report. As discussed below, this type of information is not readily available or not available at all. For deposits for which the information is available, members would need to review their customer files to obtain the required information and develop reporting to accommodate this request, which would be a very intensive process. There is not sufficient time to collect this information and ensure its accuracy by March 31, 2011 reporting. Although the Agencies generally permit estimates to be provided for the first quarter of implementation for new regulations, the members of The Clearing House believe that estimates of such information would be very difficult to provide with any meaningful accuracy. In addition, after initially gathering the information, our members would then need to work with their respective technology and infrastructure teams to arrange for resources to program this information. Because of the significant changes to the systems required and the granularity of the data, The Clearing House requests that this proposal be delayed until March 31, 2012 reporting in order to allow sufficient time to implement these required systems changes and test within their internal control systems.

In addition, for certain deposits, such as brokered deposits, mortgage escrows, and uninvested trust funds, members are not able to distinguish whether they are held by corporations/partnerships or individuals. For example, for brokered deposits, this information may not be accessible and, even if it is accessible, members would need to rely on the information provided to them by independent third-party brokers. Therefore, The Clearing House recommends that the Agencies treat brokered deposits as corporate/partnership accounts since the majority of these deposits are received from partnerships and corporations. The Clearing House also recommends that the Agencies expand the classification of deposits of individuals to include mortgage escrows, and expand the classification of partnerships and corporations to include uninvested trust funds for similar reasons as stated above for brokered deposits.

Schedule RC-E, item 1, also includes all certified and official checks. The proposal states, "To limit reporting burden of the proposed change, official checks in the form of money orders and travelers checks would be reported as deposits of individuals. Certified checks and all other official checks would be reported as deposits of partnerships and corporations." However, internal deposit systems generally do not distinguish between types of official checks. This proposed change would require significant deposit system enhancements. In aggregate, the amount of certified and official checks is insignificant in relation to total deposits. The Clearing House believes the significant costs are outweighed by the perceived benefit of this proposed change. Accordingly, The Clearing House recommends that all money orders/travelers checks and certified checks/other official checks should not be separated, but reported in the same category either as corporations or individuals.

D. Variable Interest Entities

The final Call Report changes will not be published in the Federal Register until at the earliest in mid-to-late December. Since Schedule RC-V, Variable Interest Entities, would be a new schedule, collection of data to populate it will be mostly a manual process, which includes inputting data into spreadsheets, until systems modifications can be implemented. Therefore, The Clearing House recommends that the Agencies delay implementation of this proposed revision.

E. Maturity and Repricing Data for Assets and Liabilities at Contractual Ceilings and Floors

The Clearing House does not support the Agencies' proposed revision to the Instructions for maturity and repricing data for assets and liabilities at contractual ceilings and floors. The Clearing House does not believe that the benefits of this proposed revision have been sufficiently and clearly articulated, since the information requested would be commingled within the maturity and repricing information for loans, securities and deposits. Further, this

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proposed change would be extremely burdensome to implement since reports from multiple systems (i.e., loans, securities and deposits) would need to be revised to incorporate these changes. The Clearing House believes that any perceived benefit of this proposed change must be balanced against what we believe are significant costs, and we believe that these costs outweigh any perceived benefit of the proposed change. Accordingly, The Clearing House recommends that this proposed change not be included in the final regulations.

F. Additional Notice of Future Significant Call Report Changes

The Clearing House recognizes the need for the Agencies to request additional information for supervision and oversight purposes. However, with significant proposed reporting changes such as those included in this Proposal, earlier notification of proposed changes would be very helpful to our members to better enable them to collect the requested data and ensure its accuracy prior to the proposed implementation dates. The Clearing House respectfully requests that the Agencies prospectively provide notice of proposed changes earlier in the year, together with draft forms and instructions. The Clearing House recommends that the Agencies publish proposed Call Report revisions (including proposed revisions to the forms) for the quarter ending March 31st by July 1st of the prior year, with final rules published by the Agencies well in advance of year-end.

G. Other

The Clearing House appreciates that the Agencies included in the Proposal our prior recommendation from our June 16, 2010 letter to the Federal Reserve Bank of New York to provide explicit instructional guidance that all 1–4 family residential mortgage banking activities, whether held for sale or trading purposes, are reportable on Schedule RC–P. The Clearing House also had recommended in the June 16, 2010 letter that the reporting of repurchases and indemnifications should be revisited. We had suggested separate reporting of loan repurchases from indemnifications for all sub-items of Line 6, and requested that the Call Report explicitly state what balance should be reported for loan repurchases versus indemnifications on Line 6.c.(2) – unpaid principal balance versus loss amount paid. The Clearing House recommends that the Agencies consider these comments in finalizing the proposed Call Report revisions.

We greatly appreciate your consideration of our comments and would welcome the opportunity to discuss them further with you at your convenience. We also would appreciate the opportunity to discuss with you a comprehensive review of the Call Report, in a collaborative effort to determine whether any information requested is duplicative or no longer

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necessary.<sup>4</sup> If we can facilitate arranging for those discussions, or if you have any questions or need further information, please contact me at 212.613.9883 (email: David.Wagner@theclearinghouse.org) or Gail Haas at 212. 612.9233 (email: Gail.Haas@theclearinghouse.org).

Sincerely yours,



David Wagner  
Senior Vice President,  
Financial and Tax Affairs

cc: Arthur Lindo  
Associate Director and Chief Accountant of Banking Supervision and Regulation  
*Federal Reserve Board*

Kathy Murphy  
Chief Accountant  
*Comptroller of the Currency*

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*FDIC*

Kenneth Lamar  
Senior Vice President  
*Federal Reserve Bank of New York*

Philip Jasienczyk  
Director, Reporting and Reserves Statistics  
*Federal Reserve Bank of San Francisco*

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<sup>4</sup> We would appreciate the opportunity to work with you to avoid duplication or unnecessary overlap between the Call Reports and other information to be requested pursuant to various provisions of H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act, including but not limited to information to be requested by the Office of Financial Research.

Office of the Comptroller

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Ms. Jennifer J. Johnson

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U.S. Office of Management and Budget

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